

Office Supreme Court, U. S.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1925.

No. ~~249~~ 249

BEECH-NUT PACKING COMPANY,

Petitioner.

vs.

P. LORILLARD COMPANY,

Respondent.

OPPOSING BRIEF FOR RESPONDENT
ON PETITION FOR CERTIORARI

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WILLIAM R. PERKINS,
JOHN MILTON,
Counsel for Respondent.

INDEX.

	PAGE
Four tribunals deny petitioner's contentions.....	1
Like petitions in similar cases uniformly denied..	2
I. Facts in case present no new question calling for decision by this court.....	
Use of "Beech-Nut" for tobacco dates from 1897	3-9 3
Petitioner's business always wholly food products	4
No concern has ever combined food and to- bacco products	5
Respondent's business always wholly tobacco products	5
Petitioner is estopped by laches and acquies- cence	6
No deception of public or confusion in trade	7
No injury to petitioner's business.....	8
II. No conflict of decisions—they differ in result solely by reason of different facts.....	
The Vogue Case.....	9-12 10
The Peninsular Case.....	10
The Aunt Jemima Case.....	11
III. Lower Court correctly applied well settled principles to the particular facts of this case	
Hanover Case followed and applied.....	12-17 12-13
Goods and businesses totally unrelated....	13-16
Courts have always so classified them.....	14
Such the uniform custom of trade.....	15
Respective packages utterly unlike.....	16
Respondent's conduct fair and honest.....	16-17
Conclusion	17

ii.

CITATIONS.

BEECH-NUT v. LOBILLARD DECISIONS.

	PAGE
Circuit Court of Appeals (3d Cir.) 7 F (2d)	
967	1, 5, 7, 9, 12, 13, 16, 17
District Court of New Jersey, 299 Fed. 834.....	1, 4, 6, 16
Acting Commissioner of Patents, Rec. Vol. VI, p.	
123	1
Examiner in Patent Office, Rec. Vol. VI, p. 114	1

OTHER CASES.

<i>American Tobacco Co. v. Polacsek</i> , 170 Fed. 117	15
<i>Anheuser-Busch v. Budweiser Malt Corp.</i> , 295 Fed.	
306	11
<i>Armour & Co. v. Louisville Provision Co.</i> , 283 Fed	
42	2
<i>Atlas Mfg. Co. v. Street</i> , 204 Fed. 398	2
<i>Aunt Jemima Co. v. Rigney & Co.</i> , 247 Fed. 407..	2, 11
<i>Baglin v. Cusenier Co.</i> , 221 U. S. 580	4
<i>California Packing Corp. v. Price-Booker Co.</i> , 285	
Fed. 993	14
<i>Carroll v. McIlvaine</i> , 183 Fed. 22	7
<i>Charles Broadway Rouss v. Winchester Co.</i> , 300	
Fed. 706	2, 11
<i>Columbia Mill Co. v. Alcorn</i> , 150 U. S. 460	13
<i>D. & H. Canal Co. v. Clark</i> , 13 Wall. 311	13
<i>Hanover Star Milling Co. v. Metcalf</i> , 240 U. S. 403	13
<i>McLean v. Fleming</i> , 96 U. S. 245	13

iii.

	PAGE
<i>Mouson & Co. v. Boehm</i> , L. R. 26 Ch. D. 398	4
<i>National Picture Theatres Inc. v. Foundation Film Corp.</i> , 266 Fed. 208	11
<i>Old Lexington Club Co. v. Kentucky Co.</i> , 234 Fed. 464	7
<i>Peninsular Chemical Co. v. Levinson</i> , 247 Fed. 658	10
<i>Pflugh v. Eagle White Lead Co.</i> , 185 Fed. 769	7
<i>Pittsburgh Brewing Co. v. Ruben</i> , 3 F. (2d) 342 ...	14
<i>P. Lorillard Co. v. Peper</i> , 86 Fed. 956	8
<i>Rosenberg Bros. & Co. v. Elliott</i> , 7 F. (2d) 962	12
<i>Saxlehner v. Eisner</i> , 179 U. S. 19	4
<i>Southern Power Co. v. N. C. P. S. Co.</i> , 263 U. S. 508	3
<i>Valvoline Co. v. Havoline Co.</i> , 211 Fed. 189	7
<i>Vogue Co. v. Thompson-Hudson Co.</i> , 300 Fed. 509	10
<i>Washburn-Crosby Co. v. France Milling Co.</i> , 7 F. (2d) 304	2, 7, 11, 12
<i>Window Glass Co. v. Pittsburgh Co.</i> , 284 Fed. 645	7

STATUTES.

Trade Mark Act (1905)	13
-----------------------------	----

IN THE
SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1925.

No. 834.

BEECH-NUT PACKING COMPANY,
Petitioner,

vs.

P. LORILLARD COMPANY,
Respondent.

ON PETITION
FOR WRIT OF
CERTIORARI.

OPPOSING BRIEF ON BEHALF OF RESPONDENT.

Four different times have the petitioner's contentions in this matter been adjudicated: First by the Examiner in the Patent Office (Rec. Vol. VI. p. 114); next by the Acting Commissioner of Patents (Rec. Vol. VI. p. 123); then by the District Court (299 Fed. 834); and lastly by the Circuit Court of Appeals (7 F (2d) 967). *And each time they have been overruled and the rights and position of respondent upheld.* It would seem that such a complete unanimity of opinion on the particular facts of this case by so many tribunals would indicate that a correct decision both in law and fact had been reached and entirely prevent this case from affording those "special and important reasons" which are necessary for the granting of a writ of certiorari.

Note: Italics ours, unless otherwise stated.

Furthermore, the petition for certiorari and supporting brief but seek a consideration and application by this Court to the particular facts of this case of the very same legal principles, and for the very same reasons, which were presented and urged for a like purpose in the entirely similar cases of

Washburn-Crosby Co. v. France Milling Co. (C. C. A. 2d) 7 F. (2d) 304, where the court had allowed the mark "Gold Medal" to be used by one party for "straight" flour and by the other for "prepared" flour and certiorari was denied (45 Sup. Ct. 640);

Charles Broadway Rouss v. Winchester Co. (C. C. A. 2d) 300 Fed. 706, where the court had allowed the mark "Winchester" to be used by both parties for shirts and certiorari was denied (266 U. S. 607);

Armour Co. v. Louisville Provision Co. (C. C. A. 6th) 283 Fed. 42, where the court had allowed one party to use "Star" as a mark for hams and bacon and the other to use "Southern Star" as a mark for like products and certiorari was denied (260 U. S. 744);

Aunt Jemima v. Rigney & Co. (C. C. A. 2d), 247 Fed. 407, where the court had restrained a party from using "Aunt Jemima" as a mark for pancake syrup at the instance of one using it for pancake flour and certiorari was denied (245 U. S. 672);

Atlas Manufacturing Co. v. Street (C. C. A. 8th), 204 Fed. 398, where the court had allowed the mark "Nick Carter" to be used by one party for a periodical and by the other for motion pictures and certiorari was denied (231 U. S. 755).

This uniformity of denial of such petitions in this class of cases would seem conclusive here, where like questions, all primarily ones of fact, constitute the whole

issue (*Southern Power Co. v. N. C. P. S. Co.*, 263 U. S. 508).

I.

The facts in this case present no new question calling for decision by this Court.

USE OF "BEECH-NUT" FOR TOBACCO DATES FROM 1897.

The mark "Beech-Nut" had its inception as a tobacco brand not in 1915, as the petition and supporting brief might lead this Court to believe, but in the Spring of 1897 when the Harry Weissinger Tobacco Company put out a "Beech-Nut Chewing and Smoking Tobacco" (see facsimile of label at end of brief). It also registered "Beech-Nut" as a trade mark for tobacco products in the tobacco brand directory for 1898, 1899 and 1903 (Rec. Vol. IV. pp. 104-5). This brand by successive assignments duly came to belong to respondent. And it has been used as a brand for tobacco products during each of the years since 1897 to the present time though, due wholly to lack of orders, no sales of it were made in the four years 1911-1914. Early in 1915, however, the brand was again brought prominently before the public in the "Sunburst" package (see facsimile at end of brief) with the result that since 1916 respondent's sales of this one product, though but a 10¢ package, have greatly exceeded in money value the combined sales of all petitioner's products, such sales for 1919 being \$8,979,586.35 by petitioner and \$14,650,865.63 by respondent (Rec. Vol. I. pp. 867-70, Vol. VI. pp. 260-2).

It was admitted for petitioner at the trial that if no abandonment had occurred, petitioner had no standing for the purposes of this litigation (Rec. Vol. V. pp. 28-9). And the District Court on the authority of *Baglin v. Cusenier Co.*, 221 U. S. 580, 597-598, *Saxlehner v. Eisner*, 179 U. S. 19, 31, and *Mouson & Co. v. Boehm*, L. R. 26 Ch. D. 398, held that no abandonment had occurred because respondent had clearly manifested its intention to retain ownership and made no sales in 1911-1914 solely for lack of orders (299 Fed. pp. 847-9). The Circuit Court of Appeals did not find it necessary to pass on this point; but, being purely a question of fact as to the intention of respondent as shown by the evidence, the decision against petitioner by the District Court, in view of petitioner's admission, would seem conclusive here.

PETITIONER'S BUSINESS ALWAYS WHOLLY FOOD PRODUCTS.

Petitioner has never made or sold a tobacco product, much less used "Beech-Nut" for that purpose. It has always and only made and sold food products. The business was started about 1891 by Imperial Packing Company and for many years consisted almost wholly of packing and selling hams and bacon. In 1899 it was taken over by petitioner who thereafter continued and expanded it, adding in later years peanut butter, preserves, jam, jellies, baked beans, chewing gum, soft drinks and candies (Rec. Vol. VI. p. 77). All these are food products for which it obtained registration of "Beech-Nut" under Patent Office Classification No. 46 "Foods and Ingredients of Foods" (See Reg. No. 89613, Rec. Vol. I, p. 21).

Accordingly, the assertion of petitioner that it has seriously considered dealing in tobacco must be regarded as made only for the purposes of this litigation in view of the many years which passed without any such addition and its very inconsistent contention that the use of "Beech-Nut" for tobacco is injuring its food business because of the anti-tobacco sentiment in this country. *The fact is, as admitted by petitioner's officers (Rec. Vol. I, p. 791) and found by the Circuit Court of Appeals (7 F. (2d) 967, 970) no concern has ever combined the manufacture and sale of food and tobacco products, so distinct and incompatible are the two businesses.*

RESPONDENT'S BUSINESS ALWAYS WHOLLY TOBACCO PRODUCTS.

Respondent's business dates from 1760 when Pierre Lorillard opened his tobacco factory in what is now Bronx Park, N. Y. During all the intervening years respondent and its predecessors have made and sold tobacco products only. Under the name "Lorillard" tobacco products of every kind have been sold in every part of this country, until it has become a household word. The name "Lorillard" appears on all its "Beech-Nut" packages, as it does on the great majority of its packages, and also the words "Established 1760" because respondent is featuring these facts (Rec. Vol. V. pp. 197-8).

Since its reorganization in 1911 respondent has been one of the largest tobacco concerns in this country. In 1919 its output was over \$80,000,000. in money value, its capital over \$60,000,000. exclusive of surplus, it had some 20 plants located in various states and over 10,000 employees. In the years 1911-1919 it spent in advertis-

ing the stupendous sum of \$49,058,936.51 (Rec. Vol. IV. p. 113; Vol. V. pp. 186, 245-6).

PETITIONER IS ESTOPPED BY LACHES AND ACQUIESCENCE.

Petitioner did not complain of the use of "Beech-Nut" for tobacco until June 1915 when it wrote saying it had adopted the "mark or name for our manufacturing output of *food material*" and "while we have never yet manufactured tobacco, the taking on of such manufacture" was not impossible (Rec. Vol. VI. p. 181). So it claimed ownership of the mark for tobacco. A correspondence ensued which is fully set forth in the opinion of the District Court (299 Fed. pp. 840-5). Its result was that respondent asserted ownership by reason of such long use without question and the distinct nature of the products and businesses, while petitioner said the questions were interesting and it would write again after further examination.

However, four years passed in silence during which respondent actively pushed this brand with the results already noted and petitioner acquiesced in and encouraged this use by forwarding to respondent any missent orders and informing the trade that Lorillard made and sold the tobacco (Rec. Vol. I. pp. 794-5). It was not until the summer of 1919 that petitioner made any further objection and then it was not to the use of "Beech-Nut" or the tobacco package, but simply to the dress and design of the cigarette package which respondent was about to put on the market. For the executive committee of petitioner suggested by letter:

"In view of the splendid success of your Beech-Nut Scrap Tobacco, would it not be worth while

to simulate your Beech-Nut Scrap tobacco package in a wrapping for your cigarettes; in other words, use for your cigarettes a form of label *which will immediately apprise the prospective purchaser that the cigarettes are made by the same company making the popular Beech-Nut tobacco, and tie up the advantage and publicity you have already gained through the merchandising of that product*" (Rec. Vol. VI. p. 205).

On these facts respondent contended that petitioner was estopped. Neither of the lower courts found it necessary to pass on the question; but it seems clearly sustained by *Pflugh v. Eagle Co.* (C. C. A. 3d) 185 Fed. 769; *Washburn-Crosby Co. v. France Milling Co.* (C. C. A. 2d) 7 F. (2d) 304, 306; *Window Glass Co. v. Pittsburgh Co.* (C. C. A. 3d) 284 Fed. 645; *Carroll v. McIlvaine* (C. C. A. 2d), 183 Fed. 22; *Old Lexington Co. v. Kentucky Co.*, 234 Fed. 464 and *Valvoline Co. v. Havoline Co.*, 211 Fed. 189, 195.

NO DECEPTION, CONFUSION OR INJURY.

The charges of deception, confusion and injury contained in the petition and supporting brief are entirely erroneous and contrary to the record.

The Lower Court found that

"The evidence shows that its goods have in no way been confused with those of the plaintiff so that when a purchaser desired a certain brand of plaintiff's goods, he in fact secured those of defendant. Defendant carefully made prominent in its label the Lorillard origin of its products. The difference between their labels is so great and distinct that any purchaser paying ordinary attention

need not and should not be mistaken and certainly not deceived." (7 F (2d) p. 971).

This was clearly admitted by petitioner's executive committee in the letter suggestion already quoted.

And it is also overwhelmingly proven by the numerous depositions respondent took throughout New England, west into Wisconsin and south into the Carolinas, constituting a great mass of testimony filling two volumes (II and III) of the record. The witnesses were largely retail dealers, because it was felt that any such wholesale deception and confusion as petitioner claimed would certainly be known to them and that examining consumers over such a territory would magnify the record out of all proportion. But the witnesses were truly representative, coming from stores of all kinds, sizes and locations and where (with few exceptions) both products were handled. They gave a faithful portrayal of existing conditions and it showed that out of at least 110,500 customers who *daily* patronized these stores less than 100 instances of confusion had arisen—thus perfectly illustrating and confirming Mr. Justice Brewer's oft quoted observation that such mistakes will happen "no matter how great the differences" (*P. Lorillard Co. v. Peper*, 86 Fed. 956, 960). Their typical answers were "I have never heard that discussed", "I have never had it come up", "Their question was answered in the window on the posters", "It is on the front of the package" and "See the package, that is all".

Nor was petitioner's business injured. During the alleged period of injury, the years 1915-19, its total sales grew from \$4,966,377.76 to \$12,109,573.68 and its sales of chewing gum from \$2,480,023.48 to \$6,281,945.41 (Vol. I, pp. 867-70), an increase of some 300% more than its

total growth during the preceding quarter of a century. That respondent's products are not cheap or inferior, as is now charged in the supporting brief, is demonstrated by the duration and magnitude of its business which forced petitioner to admit in writing that "the name 'Lorillard' carries with it a vast amount of good will and unquestionably a guarantee of excellence" (Vol. VI, p. 194).

II.

No conflict in legal principle exists between this decision and the Vogue and Peninsular Cases in the Sixth Circuit or the Aunt Jemima Case in the Second Circuit. They differed in result simply because of their different facts.

In the first place, the lower court expressly recognized the authority and applied the principles of these cases in reaching its conclusion, for the opinion says:

"We are aware, however, that equity may be invoked without market competition. Emphasis should be placed on the word 'unfair' rather than 'competition'. If by unfair and fraudulent means, the plaintiff is injured and the public deceived, equity will enjoin whether the injury comes through competition or in some other way. *Aunt Jemima Mills Co. v. Rigney & Co.*, 247 Fed. 407; *Vogue Co. v. Thompson-Hudson Co.*, 300 Fed. 509, 512. Within the principles announced in these cases, or in any other way, has the defendant injured the plaintiff in its property or reputation? We are satisfied that it has not. It has not tried to palm off its products as those of the plaintiff" (7 F (2d), p. 970).

And in the second place, on the facts of this case these three decisions clearly sustain and would allow the use respondent is making of "Beech-Nut" for tobaccos.

The *Vogue Case* (C. C. A. 6th), 300 Fed. 509 was not simply that of a mark being used by one party for a magazine and by another for ladies hats. The pivotal fact was that "prior to 1912 (when the mark was first used for the hats) the magazine had become the country over one of the dominating factors in the creation and promotion of styles, including those in millinery, and its approval or promotion of any pattern or style in its pages carried great influence" (pp. 510-1). This close relation of the articles, a question of fact only, not any new principle of law, clearly prompted the decision (p. 512). Had the magazine been a tobacco journal the suit would have been summarily dismissed. For the court on rehearing (6 F (2d) 875) allowed the defendant to "use the name and label 'Vogue Hats' in connection with or without 'New York' or 'Fifth Avenue', if accompanied by any prominently displayed manufacturing name it may select (not including the word Vogue)". *Consequently, as respondent's name does not include the word "Beech-Nut" and is prominently displayed on its "Beech-Nut" packages, the Vogue Case becomes an express authority in its favor.*

The *Peninsular Case* (C. C. A. 6th), 247 Fed. 658 proceeded upon similar principles to a like conclusion as in the *Vogue Case*. There the plaintiff, who had registered and used "Penslar" for drugs and pharmaceutical preparations, sought to restrain the defendants from using it for cigars. The court held the difference in the articles prevented infringement or unfair competition (pp. 660-1). But having found as a further fact that "defendants untruthfully represented that the article they were selling was, in effect, the plaintiff's article and that they were

selling for and in the interest of plaintiff" the court felt that the plaintiff was entitled to relief from these fraudulent practices because "we know of no principle which will forbid malicious destruction of this kind to a competitor and permit it to a stranger". Accordingly, the injunction did not restrain the use of "Penslar" for cigars but only such untruthful representations in that connection (p. 663). It will be seen, therefore, that the case likewise turned wholly on a question of fact and is an authority for respondent to continue its use of "Beech-Nut" since, as the Lower Court specifically found, no such practices obtained in the instant case; and even had such practices obtained it would be authority only for stopping such practices, not respondent's use of the mark "Beech-Nut".

The *Aunt Jemima Case* (C. C. A. 2d), 247 Fed. 407 restrained the defendants from using for pancake syrup a mark plaintiff for years had been using for a pancake flour because, as the court said, "syrup and flour are both food products and food products commonly used together" (p. 410). That this close relation between the two products, a question of fact only, was the determining factor clearly appears from the subsequent decisions of that court in the *National Picture Theatres Case*, (266 Fed. p. 211), the *Anheuser-Busch Case* (295 Fed. p. 310), the *Winchester Case* (300 Fed. p. 723) and the *Washburn-Crosby Case* (7 F (2d) 304), each of which turned on this question of fact, namely, the relation of the products and laid down the test to be that "there must be a real present or prospective competition, that is, an endeavor to get the same trade from the same people at the same time." (266 Fed. 211), stating in a note that pens and hair brushes were not while tooth and toilet brushes were so related.

Thus in the *Washburn-Crosby Case* that court said, just as might be truly said in this case:

"If then so many years of building up trade in 'straight' wheat Gold Medal flour had produced no business in 'prepared' flours, how can it be said that the two articles belong to the same class of commodities? Classification of any commercial article depends far more on commercial custom than upon the inherent nature of the product. Dog-biscuit and pilot-bread are closely allied in physical origin, and so are gun-cotton and calico, but in commercial classification they are poles apart. The difference between 'straight' and 'prepared' flours is not so great as in the illustration given, but that as commercial commodities they are different is in our opinion plainly shown by the exhibition of business methods given by the affidavits; and that such was Washburn's own opinion in 1923 we have pointed out above." (7 F (2d) at p. 305).

III.

The Lower Court only applied well settled rules of trade mark law to the facts as it found them from the evidence before it.

No one can read the opinions of the Lower Court in *Rosenberg Bros. & Co. v. Elliott*, 7 F (2d) 962, and in the instant case, 7 F (2d) 967, considered and decided at the same time, and decided differently solely because of their different facts, without being convinced that that court is keenly alive to and in thorough sympathy with the trend of trade mark decisions on both infringement and unfair competition; and is correctly interpreting and applying the principles established by this Court in the

Hanover Star Milling Case, 240 U. S. 403, 413, 414, which it cites in these opinions.

When analyzed, the opinion of the Lower Court in the instant case will be seen to have considered and decided three propositions, all questions of fact, which, being resolved in respondent's favor, made it prevail.

The first proposition was whether or not the products were such different classes of commodities as that both parties could use the mark.

As a matter of legal principle, indisputably the use of a mark on one class of merchandise will not prevent another from using it on a different class. This is the basis of our Trade Mark Act (33 Stat. L. 728, Sec. 16) and is the rule definitely announced by this Court in the *D. & H. Canal Case* (13 Wall. 311, 322-3), *McLean v. Fleming*, 96 U. S. 245, *Columbia Co. v. Alcorn*, 150 U. S. 460, 463 and the *Hanover Star Milling Case* (240 U. S. 403, 412-4) where the Court also showed it was the rule in England and in the States and quoted the typical English illustration that

“If he does not carry on a trade in iron, but carries on a trade in linen and stamps a lion on his linen, another person may stamp a lion on iron.”

Accordingly, the first proposition became wholly a question of fact as to the relation of the foods and tobaccos under this legal principle. And the Court found the fact to be:

“It is undisputed that the plaintiff and its predecessor in business have always dealt in food products only and that the defendant and its predecessors have always manufactured and sold tobacco, and have never dealt in food products. All the witnesses at the trial in the District Court testified in the most positive terms that food and

tobacco products belong to different classes. Foods and tobacco are classified as distinct and unrelated products under the Trade-Mark Act. Tobacco Products are in Class No. 17; while 'foods and ingredients of foods' belong to Class No. 46. The Treasury Department treats them as of different classes. It has always taxed tobacco products just as it did liquor products, but it has never taxed food products.

"The Examiner of Interferences in the Patent Office found that tobacco and food do not possess the 'same descriptive properties' and so belong to different classes. This view was also held by the Acting Commissioner of Patents and the District Judge. Food promotes the growth of animal or vegetable life. There is no nutrition in tobacco. It is merely a narcotic. Foods are used by all mankind as a matter of necessity, but this is not true of tobacco. *State v. Ohmer*, 34 Mo. App. 115; *Liggett & Myers Tobacco Co. v. Cannon*, 132 Tenn. 419; 178 S. W. 1009, L. R. A. 1916 A 940, Ann. Cas. 1917 A 179. The merchandise of the plaintiff and defendant belonged, therefore, to different classes" (7 F (2d) at p. 970).

Such has been the holding of the Court of Appeals of the District of Columbia. Thus in *California Packing Corp. v. Price-Booker Co.*, 285 Fed. 993, 995, that Court illustrated its idea of distinct classes of products by saying "no one would be deceived into believing that a can of tobacco and a can of peas were put out by the same concern simply because they bore similar trade marks"; and in *Pittsburgh Brewing Co. v. Ruben*, 3 F. (2d) 342, that Court held the same mark could be registered for soft drinks and stogies by different concerns, saying:

"It is true that soft drinks and stogies are frequently kept on sale at the same stands, but this fact does not go far towards determining the

'descriptive properties' of the goods, for it is well known that most retail stores deal in a variety of articles of diverse character. And when soft drinks and stogies are considered with reference to their component materials, processes of manufacture, and manner of consumption, it becomes evident that they are not goods of the same descriptive properties, and they are not so regarded in common understanding. Moreover, it is safe to assume that soft drinks and tobacco products are not often, if ever, made or marketed by the same manufacturer." (p. 343).

It is also the universal custom of the trade for the same mark to be used by a food and tobacco concern. Such is the case with such well known marks as "Veribest", "Ideal", "O. K.", "Climax", "Eureka", "Red Cross" and many others set forth in the opinion of the District Court (299 Fed. p. 847). As illustrating this custom there were introduced at the trial three exhibits, photographs of which are inserted at the end of this brief, showing three important cigarette brands, namely, "Camel" (the largest in this country), "Omar" and "Mogul", each being used for a line of food products similar to petitioner's.

And of course this Court knows of its own knowledge, as the testimony abundantly shows, that the tobacco business is one of the great generic industries of this country, ranking in this respect with steel, automobiles, textiles, coal and oil, so that if the position of the petitioner should obtain under the circumstances of this case it would work a complete revolution of the trade mark law of this country. As said by Judge Coxe in *The American Tobacco Company v. Polacsek* (1909) 170 Fed. 117, 120:

"Whether a manufacturer confines himself to smoking tobacco, chewing tobacco, or cigarettes, he is still in the tobacco business, just as one is in the

clothing business whether he makes coats, waist-coats or trousers, just as one is in the whiskey business whether he makes rye or bourbon"—

and he might have added, just as one is in the food business, whether he makes bacon, jelly, candies, chewing gum or soft drinks.

The second proposition was whether or not the dress or design of respondent's packages was in unfair competition with that of petitioner's.

This, again, was entirely a question of fact. And so different are the packages that the District Court said "nothing like this sunburst or radiating effect appears on the labels of the plaintiff and the fact that the defendant adopted it demonstrates conclusively, it seems, that there was no attempt on the part of defendant to copy or imitate the standard mark of the plaintiff" (299 Fed. p. 851). While both Courts united in declaring:

"If one should eliminate the word 'Beech-Nut' from both labels, it would be extremely difficult to locate any similarity at all between them" (7 F. (2d) at p. 971).

The third proposition was whether or not the public was being deceived or the goods confused to the injury of petitioner.

This, also, was entirely a question of fact, as the Court said, of fraud or dishonesty in the use (7 F (2d) 971, citing *Howe Scale Co.* case). And here the Court subjected respondent's conduct to a most searching examination. Placing the emphasis on "unfair" rather than on "competition" it inquired whether by market competition, or "*in any other way*", "by unfair and fraudulent means" of respondent "the plaintiff is injured and the public deceived"; and gave as its answer "we are satisfied that it (respondent) has not" (7 F (2d) at p. 970).

These three fundamental questions, all primarily of fact, being thus decided, inevitably led the court to its general conclusion that:

"These principles, founded alike on reason and authority, when applied to the facts of this case, are decisive of the issues involved. The evidence, in our opinion, conclusively shows that both parties have acted in perfect good faith. Both have used the word 'Beech-Nut' on their respective, but very different, labels because they thought that they had the legal right to do so. The plaintiff adopted its trade mark without knowledge of the 'Beech-Nut' trade mark of the Harry Weissinger Tobacco Co. The defendant naturally adopted the 'Beech-Nut' trade mark for its products, because it owned the old Harry Weissinger trade mark and thought it was acting within its legal rights. The plaintiff is proud of its 'position substantially at the top of a highly competitive industry'. The defendant is one of the great tobacco companies of this country with a Lorillard reputation stretching back into three centuries. Neither needed nor desired the reputation of the incompatible business of the other. The evidence does not disclose anything on which infringement of the trade mark or unfair competition can be based." (7 F (2d) at p. 971).

Conclusion.

We submit, therefore, that the petition should be denied.

December, 1925.

Respectfully,

JOHN W. DAVIS,
WILLIAM R. PERKINS,
JOHN MILTON.

Counsel for Respondent



Factory No. 26, Fifth District of Kentucky.

NOTICE.—The manufacturers of this Tobacco have complied with all the requirements of law. Every person is cautioned, under the penalties of the law, not to use this package for Tobacco again.

"Weissinger" Label. First used in 1897.



"Sunburst" Label. First used in 1915.





